

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BLACK MOUNTAIN)	
UTILITY DISTRICT, A UTILITY DISTRICT)	
ORGANIZED PURSUANT TO SECTIONS)	
65.805-815 OF THE KENTUCKY REVISED)	CASE NO. 9838
STATUTES, OF HARLAN COUNTY, KENTUCKY,)	
FOR APPROVAL OF ACQUISITION AND)	
CONSTRUCTION, FINANCING, AND RATES)	

O R D E R

On January 16, 1987, Black Mountain Utility District ("District") filed an application with the Commission requesting the approval of acquisition and construction of a water works and sewer project, approval of a proposed plan of financing for the project and approval of proposed water and sewer rates to be charged by the District to its customers.

During the pendency of this case, the Commission Staff has made numerous attempts to obtain information pertaining to the District's application. On May 20, 1987, representatives of the District met with Commission staff members for the purpose of determining what information was needed by the Staff for review. Additionally, the engineering staff submitted an information request to the District. As of this date the Commission Staff has informed the Commission that the information obtained is still deficient, and the staff lacks information that would enable it to make any recommendation with respect to the proposed construction, financing, and rates.

Specifically, the Commission staff has advised that the following deficiencies make a review and determination with respect to Black Mountain's filing impossible at this time:

1. The District has not supplied a detailed income statement and balance sheet for a 12-month period ending not more than 90 days prior to the application date;

2. Monthly revenues and expenses for the test period have not been supplied;

3. Pro forma adjustments to the test period have not been fully explained and documented;

4. The FmHA letter of conditions is 5 years old and should be updated;

5. Construction costs are not consistent throughout the application;

6. The District has failed to provide a comparison of the current rates and proposed rates, and the effect of the new rates upon average consumer bills;

7. The District has failed to provide a billing analysis for the Louellen/Clover Darby area summarizing revenues from current and proposed rates;

8. The District has failed to provide a billing analysis for the Coxton and East Brook areas showing projected usage and revenues;

9. All nonrecurring charges proposed by the District have not been cost justified;

10. The engineering report was prepared in 1982 and needs to be updated;

11. The pipeline from the City of Harlan to Coxton is not mentioned in the engineering report; and

12. A detailed hydraulic analysis of the system should be supplied.

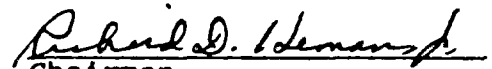
The list above is not intended to be exhaustive. The Commission strongly urges the District to contact the Commission staff members assigned to this case for any assistance needed in preparing a revised application.

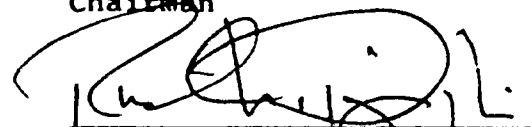
For these reasons the Commission is of the opinion and finds that the application of the District should be dismissed without prejudice. Black Mountain Utility District shall have the option of refiling for approval of the proposals contained within Case No. 9838.

IT IS THEREFORE ORDERED that this case is dismissed without prejudice and Black Mountain Utility District shall have the option of refiling for approval of the proposals contained within Case No. 9838.

Done at Frankfort, Kentucky, this 8th day of September, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director